

**Tripoli Community School District**

**Independent Auditor's Reports  
Basic Financial Statements  
And Supplementary Information  
Schedule of Findings**

**June 30, 2011**

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# **Tripoli Community School District**

## **Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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### **Board of Education**

Scott Danner	President	2013
Jamie Dettmer	Vice President	2011
Ronald Orf	Board Member	2013
Laurie Buhrow	Board Member	2011
Max Ambrose	Board Member	2011

### **School Officials**

Troy Heller	Superintendent	2011
Kassandra Johansen*	District Secretary/Business Manager	2011
Brittany Franzen**	District Secretary/Business Manager	2011
Gaylen Hassman	Attorney	2011

\*Resigned May 31, 2011

\*\*Appointed May 16, 2011

Independent Auditor's Report

To the Board of Education of  
Tripoli Community School District:

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Tripoli Community School District, Tripoli, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

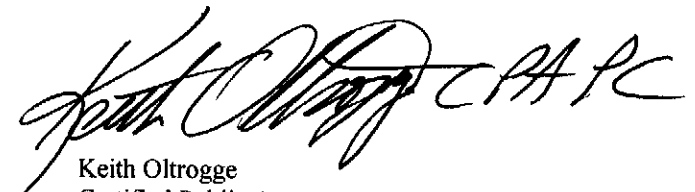
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Tripoli Community School District at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

The financial statements for the year ended June 30, 2011 and our previously issued report, dated March 8, 2011, should not be relied on because the financial statements did not include all required schedules. Our previously issued report is replaced by this report on the restated financial statements. As discussed in Note 15, the financial statements include Schedule 5, Expenditures of Federal Awards.

In accordance with Government Auditing Standards, I have also issued my report dated March 20, 2012 on my consideration of Tripoli Community School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Management's Discussion and Analysis, Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan pages 4 through 12 and 34 through 36 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tripoli Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Keith Oltrogge  
Certified Public Accountant

March 20, 2012

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Tripoli Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **2011 FINANCIAL HIGHLIGHTS**

- General Fund revenues increased from \$4,334,627 in fiscal 2010 to \$4,468,134 in fiscal 2011, and General Fund expenditures increased from \$4,406,543 in fiscal 2010 to \$4,534,968 in fiscal 2011. The District's General Fund balance decreased from \$1,271,717 in fiscal year 2010 to \$1,215,312 in fiscal year 2011, a 4.6% decrease.
- The increase in General Fund revenues was attributable to an increase in local and state grant revenue in fiscal year 2011. The increase in expenditures was due primarily to an increase in the negotiated salary and benefits and restricted grant expenditures.
- The decrease in the District's General Fund balance resulted in the District's solvency ratio decreasing from 27.4% in 2010 to 21.7 % in fiscal 2011. The District's solvency level indicates the District is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Tripoli Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Tripoli Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Tripoli Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the non-major governmental funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

**Figure A-1**  
**Tripoli Community School District Annual Financial Report**

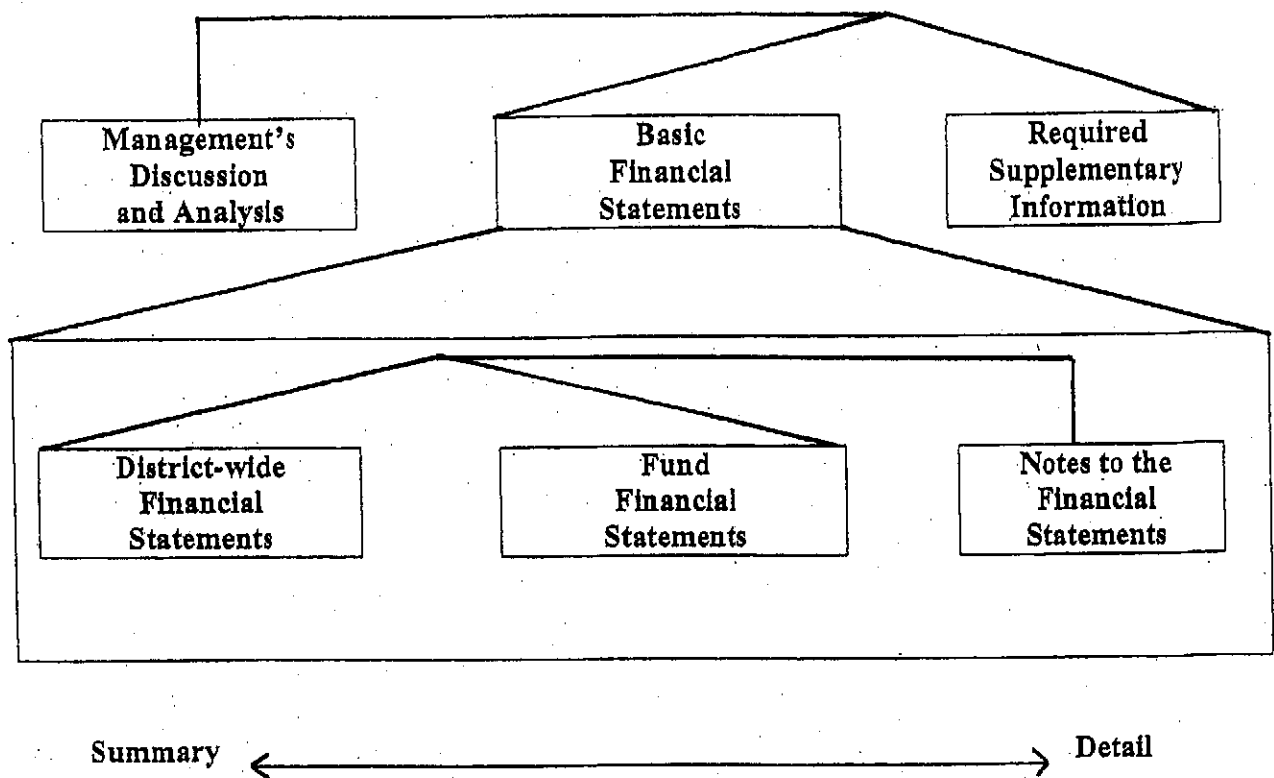


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

**Figure A-2**  
**Major Features of the Government-wide and Fund Financial Statements**

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	Statement of net assets	Balance sheet	Statement of net assets	Statement of fiduciary net assets
	Statement of activities	Statement of revenues, expenditures and changes in fund balances	Statement of revenues, expenses and changes in fund net assets  Statement of cash flows	Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long- term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long- term	All assets and liabilities, both short- term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid



## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

### *Fund Financial Statements*

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has two kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Capital Projects Fund and Debt Service Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and Before and After School Fund.

The required financial statements for proprietary funds include a statement of net assets, statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

Reconciliation between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2011 compared to June 30, 2010.

**Figure A-3**  
**Condensed Statement of Net Assets**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-2011
Current and other assets	\$4,264,653	\$4,311,583	\$77,905	\$97,365	\$4,342,558	\$4,408,948	-1.5%
Capital assets	6,120,763	5,943,161	40,646	56,956	6,161,409	6,000,117	2.7%
Total assets	\$10,385,416	\$10,254,744	\$118,551	\$154,321	\$10,503,967	\$10,409,065	0.9%
Long-term liabilities	\$1,317,840	\$1,527,086	\$-	\$-	\$1,317,840	\$1,527,086	-13.4%
Other liabilities	2,483,129	2,389,922	2,987	2,596	2,486,116	2,392,518	3.9%
Total liabilities	\$3,800,969	\$3,917,008	\$2,987	\$2,596	\$3,803,956	\$3,919,604	-3.0%
Net assets:							
Invested in capital assets, net of related debt	\$5,048,546	\$4,690,346	\$40,646	\$56,956	\$5,089,192	\$4,747,302	7.2%
Restricted	569,496	279,592	-	-	569,496	279,592	203.7%
Unrestricted	966,405	1,367,798	74,918	94,769	1,041,323	1,462,567	-22.8%
Total net assets	\$6,584,447	\$6,337,736	\$115,564	\$151,725	\$6,700,011	\$6,489,461	3.2%

The District's combined net assets increased by nearly 3.2%, or \$201,550, over the prior year. The largest portion of the District's net assets is in the "invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt". The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased by \$289,904, or 203.7% over the prior year. The increase was primarily a result of reclassification of unrestricted net assets.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased by \$421,244, or 22.8%.

Figure A-4 shows the change in net assets for the year ended June 30, 2011 compared to the year ended June 30, 2010.

<p align="center"><b>Figure A-4</b> <b>Changes in Net Assets</b></p>							
	Governmental Activities		Business Type Activities		Total District		Total Change
	2011	2010	2011	2010	2011	2010	2010-2011
Revenues:							
Program revenues:							
Charges for service	\$435,143	\$391,774	\$142,297	\$144,628	\$577,440	\$536,402	7.7%
Operating grants, contributions and restricted interest	798,251	932,152	85,948	85,553	884,199	1,017,705	-13.1%
Capital grants, contributions and restricted interest	-	15,502	-	-	-	15,502	-100%
General revenues:							
Property tax	1,730,902	1,662,299	-	-	1,730,902	1,662,299	4.1%
Statewide sales, service and use tax	353,756	299,489	-	-	353,756	299,489	18.1%
Unrestricted state grants	1,913,860	1,721,580	-	-	1,913,860	1,721,580	11.2%
Unrestricted investment earnings	44,794	50,598	849	1,411	45,643	52,009	-12.3%
Other	24,114	35,168	-	-	24,114	35,168	-31.4%
Total revenues	\$5,300,820	\$5,108,562	\$229,094	\$231,592	\$5,529,914	\$5,340,154	2.6%
Program expenses:							
Governmental activities:							
Instruction	\$3,630,976	\$3,561,591	\$-	\$-	\$3,630,976	\$3,561,591	1.9%
Support services	1,170,111	1,155,781	-	-	1,170,111	1,155,781	1.2%
Non-instructional programs	-	-	265,255	239,219	265,255	239,219	10.9%
Other expenses	263,451	241,954	-	-	263,451	241,954	8.9%
Total expenses	\$5,064,538	\$4,959,326	\$265,255	\$239,219	\$5,329,793	\$5,198,545	2.5%
Change in net assets	\$236,282	\$149,236	-\$36,161	-\$7,627	\$200,121	\$141,609	41.3%

In fiscal year 2011, property tax and unrestricted state grants account for 65.9% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 99.6% of business type activities revenue.

The District's total revenues were approximately \$5.5 million, of which approximately \$5.3 million was for governmental activities and less than \$0.2 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 3.6% increase in revenues and a 2.5% increase in expenses. Property tax increased approximately \$68,603. The increase in expenses is related to an increase in instruction and support services.

#### Governmental Activities

Revenues for governmental activities were \$5,300,820 and expenses were \$5,064,538 for the year ended June 30, 2011. In a difficult budget year, the District used a portion of its carryover fund balance.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses for the year ended June 30, 2011 compared to the year ended June 30, 2010.

<p align="center"><b>Figure A-5</b> <b>Total and Net Cost of Governmental Activities</b></p>						
	Total Cost of Services			Net Cost of Services		
	2011	2010	Change 2010-2011	2011	2010	Change 2010-2011
Instruction	\$3,630,976	\$3,561,591	1.9%	\$2,402,222	\$2,242,817	7.1%
Support services	1,170,111	1,155,781	1.2%	1,165,471	1,150,629	1.3%
Non-instructional programs	-	-	-	-	-	-
Other expenses	263,451	241,954	8.9%	263,451	226,452	16.3%
Totals	\$5,064,538	\$4,959,326	2.1%	\$3,831,144	\$3,619,898	5.8%

For the year ended June 30, 2011:

- The cost financed by users of the District's programs was \$577,440.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$884,199.
- The net cost of governmental activities was financed with \$2,084,658 in property and other taxes and \$1,913,860 in unrestricted state grants.

### **Business Type Activities**

Revenues for business type activities were \$229,094 and expenses were \$265,255. The District's business type activities include the School Nutrition Fund, and Before and After School Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

### **INDIVIDUAL FUND ANALYSIS**

As previously noted, Tripoli Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,908,304, above last year's ending fund balances of \$1,897,875.

### **Governmental Fund Highlights**

- The District's deteriorating General Fund financial position is the result of many factors. Increases during the year in tax and state grants resulted in an increase in revenues. The District's increase in General Fund expenditures required the District to use carryover fund balance to meet its financial obligations during the year.
- The General Fund balance decreased from \$1,282,146 to \$1,215,312, due in part to the negotiated salaries and benefits and existing expenditure commitments of the District.
- The Capital Projects Fund balance decreased from \$333,418 to \$213,056 due in part to the expenditures from for the school parking lot and driveway replacement.

### **Proprietary Fund Highlights**

- School Nutrition Fund net assets decreased from \$135,556 to \$99,605 at June 30, 2011 due in part to the increased costs of supplies and depreciation.
- Before and After School Fund Net Assets decreased from \$16,169 to \$15,959 due to the increased costs of salaries and benefits.

### **BUDGETARY HIGHLIGHTS**

The District's receipts were \$102,958 more than budgeted receipts, a variance of 1.9%.

The Districts total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at anticipated expenditures for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, the certified budget was exceeded in the non-instructional programs functional area due to the timing of expenditures at year end without sufficient time to amend the certified budget.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2011, the District had invested \$6,161,409, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 2.7% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$334,033.

The original cost of the District's capital assets was \$10,850,469. Governmental funds account for \$10,769,283, with the remainder of \$81,186 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the improvements other than buildings category. The District completed the elementary school parking lot and driveway replacement project.

**Figure A-6**  
**Capital Assets, net of Depreciation**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-2011
Land	\$33,500	\$33,500	\$-	\$-	\$33,500	\$33,500	-
Construction in process	75,646	89,605	-	-	75,646	89,605	-15.6%
Buildings	5,263,636	5,412,304	-	-	5,263,636	5,412,304	-2.8%
Improvements other than buildings	378,178	78,983	-	-	378,178	78,983	478.8%
Furniture and equipment	369,803	328,769	40,646	56,956	410,449	385,725	6.4%
Totals	\$6,120,763	\$5,943,161	\$40,646	\$56,956	\$6,161,409	\$6,000,117	2.7%

### Long-Term Debt

At June 30, 2011, the District had \$1,072,217 in other long-term debt outstanding. This represents a decrease of 14.4% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The District continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the District's debt. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5% of the assessed value of all taxable property within the District. The District's outstanding debt is significantly below its constitutional debt limit of approximately \$9.3 million.

**Figure A-7**  
**Outstanding Long-term Obligations**

	Total District	Total Change
	June 30,	June 30,
	2011	2010
Notes payable	\$1,072,217	\$1,252,815
		-14.4%

## **ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- Enrollment declines are a concern for the School District as total certified enrollment has declined 44 students during the last three years. The enrollment decline will mean less state aid in future years.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Brittany Franzen, District Secretary/Business Manager, Tripoli Community School District, 209 8<sup>th</sup> Avenue SW, Tripoli IA 50676.

## **Basic Financial Statements**

## Tripoli Community School District

## Statement of Net Assets

June 30, 2011

	Govern- mental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and Cash Equivalents:			
Restricted	\$ 300,000	\$ -	\$ 300,000
Other	1,973,207	64,000	2,037,207
Receivables:			
Property tax:			
Delinquent	13,495	-	13,495
Succeeding year	1,535,499	-	1,535,499
Accounts	5,817	435	6,252
Prepaid expenses	34,701	-	34,701
Prepaid liability OPEB	62,304	-	62,304
Due from other governments	339,630	-	339,630
Inventories	-	13,470	13,470
Capital assets, net of accumulated depreciation	6,120,763	40,646	6,161,409
<b>Total Assets</b>	<b>\$ 10,385,416</b>	<b>\$ 118,551</b>	<b>\$ 10,503,967</b>
<b>Liabilities</b>			
Accounts payable	\$ 138,959	\$ -	\$ 138,959
Salaries and benefits payable	259,493	-	259,493
Accrued interest payable	3,781	-	3,781
Deferred revenue-succeeding year property tax	1,535,499	-	1,535,499
Deferred revenue – other	245,397	2,987	248,384
Bank warrants payable	300,000	-	300,000
Long-term liabilities:			
Portion due within one year:			
Notes payable	187,855	-	187,855
Early retirement	61,718	-	61,718
Portion due after one year:			
Notes payable	884,362	-	884,362
Early retirement	183,905	-	183,905
<b>Total Liabilities</b>	<b>\$ 3,800,969</b>	<b>\$ 2,987</b>	<b>\$ 3,803,956</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	\$ 5,048,546	\$ 40,646	\$ 5,089,192
Restricted for:			
Categorical funding	229,586	-	229,586
Physical plant and equipment	72,469	-	72,469
Student activities	126,851	-	126,851
Capital projects	140,590	-	140,590
Unrestricted	966,405	74,918	1,041,323
<b>Total Net Assets</b>	<b>\$ 6,584,447</b>	<b>\$ 115,564</b>	<b>\$ 6,700,011</b>

See notes to financial statements.



**Tripoli Community School District**

**Statement of Activities**

**Year Ended June 30, 2011**

<b>Functions/Programs</b>	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Governmental Activities:</b>				
Instruction:				
Regular instruction	\$ 2,484,134	\$ 219,902	\$ 715,635	\$ -
Special instruction	550,782	22,813	75,296	-
Other instruction	596,060	192,308	2,800	-
	<u>\$ 3,630,976</u>	<u>\$ 435,023</u>	<u>\$ 793,731</u>	<u>\$ -</u>
Support Services:				
Student services	\$ 66,916	\$ -	\$ 3,081	\$ -
Instructional staff services	111,411	-	-	-
Administration services	452,393	-	-	-
Operation and maintenance of plant services	377,391	120	-	-
Transportation services	162,000	-	1,439	-
	<u>\$ 1,170,111</u>	<u>\$ 120</u>	<u>\$ 4,520</u>	<u>\$ -</u>
Other Expenditures:				
Facilities acquisition	\$ 2,925	\$ -	\$ -	\$ -
Long-term debt interest	51,785	-	-	-
AEA flow-through	208,741	-	-	-
	<u>\$ 263,451</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Governmental Activities</b>	<u>\$ 5,064,538</u>	<u>\$ 435,143</u>	<u>\$ 798,251</u>	<u>\$ -</u>
<b>Business Type Activities:</b>				
Non-Instructional Programs:				
Food service operations	\$ 246,513	\$ 123,990	\$ 85,948	\$ -
Child care operations	18,742	18,307	-	-
	<u>\$ 265,255</u>	<u>\$ 142,297</u>	<u>\$ 85,948</u>	<u>\$ -</u>
<b>Total</b>	<u>\$ 5,329,793</u>	<u>\$ 577,440</u>	<u>\$ 884,199</u>	<u>\$ -</u>

See notes to financial statements.

Net (Expense) Revenue  
And Changes in Net Assets

Governmental Activities		Business Type Activities		Total
\$	-1,548,597	\$	-	\$ -1,548,597
	-452,673		-	-452,673
	-400,952		-	-400,952
\$	-2,402,222	\$	-	\$ -2,402,222
<hr/>				
\$	-63,835	\$	-	\$ -63,835
	-111,411		-	-111,411
	-452,393		-	-452,393
	-377,271		-	-377,271
	-160,561		-	-160,561
\$	-1,165,471	\$	-	\$ -1,165,471
<hr/>				
\$	-2,925	\$	-	\$ -2,925
	-51,785		-	-51,785
	-208,741		-	-208,741
\$	-263,451	\$	-	\$ -263,451
<hr/>				
\$	-3,831,144	\$	-	\$ -3,831,144
<hr/>				
\$	-	\$	-36,575	\$ -36,575
	-		-435	-435
\$	-	\$	-37,010	\$ -37,010
<hr/>				
\$	-3,831,144	\$	-37,010	\$ -3,868,154

**Tripoli Community School District**

**Statement of Activities**

**Year Ended June 30, 2011**

	Program Revenues		
	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Expenses			
<b>General Revenues:</b>			
Property Tax Levied For:			
General purposes			
Capital outlay			
Statewide sales, services and use tax			
Unrestricted state grants			
Unrestricted investment earnings			
Other			
<b>Total General Revenues</b>			
<b>Change in net assets</b>			
Net assets beginning of year			
Prior period adjustment			
<b>Adjusted net assets beginning of year</b>			
<b>Net Assets End of Year</b>			

See notes to financial statements.

Net (Expense) Revenue  
And Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$ 1,552,509	\$ -	\$ 1,552,509
178,393	-	178,393
353,756	-	353,756
1,913,860	-	1,913,860
44,794	849	45,643
24,114	-	24,114
<u>\$ 4,067,426</u>	<u>\$ 849</u>	<u>\$ 4,068,275</u>
\$ 236,282	\$ -36,161	\$ 200,121
\$ 6,337,736	\$ 151,725	\$ 6,489,461
10,429	-	10,429
<u>\$ 6,348,165</u>	<u>\$ 151,725</u>	<u>\$ 6,499,890</u>
<u>\$ 6,584,447</u>	<u>\$ 115,564</u>	<u>\$ 6,700,011</u>

## Tripoli Community School District

Balance Sheet  
Governmental Funds

June 30, 2011

<b>Assets</b>	General	Capital Projects	Non-major Funds	Total
Cash and Pooled Investments:				
Restricted	\$ 300,000	\$ -	\$ -	\$ 300,000
Other	1,504,999	179,664	288,544	1,973,207
Receivables:				
Property Tax:				
Delinquent	11,041	1,571	883	13,495
Succeeding year	1,249,935	185,564	100,000	1,535,499
Accounts	5,472	-	345	5,817
Prepaid expenses	29,795	-	4,906	34,701
Due from other governments	269,975	69,655	-	339,630
<b>Total Assets</b>	<b>\$ 3,371,217</b>	<b>\$ 436,454</b>	<b>\$ 394,678</b>	<b>\$ 4,202,349</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 101,080	\$ 37,831	\$ 48	\$ 138,959
Salaries and benefits payable	259,493	-	-	259,493
Bank warrants payable	300,000	-	-	300,000
Deferred Revenue:				
Succeeding year property tax	1,249,935	185,564	100,000	1,535,499
Other	245,397	-	-	245,397
<b>Total Liabilities</b>	<b>\$ 2,155,905</b>	<b>\$ 223,395</b>	<b>\$ 100,048</b>	<b>\$ 2,479,348</b>
Fund Balances:				
Restricted for:				
Categorical funding	\$ 229,586	\$ -	\$ -	\$ 229,586
Management levy purposes	-	-	167,779	167,779
Student activities	-	-	126,851	126,851
School infrastructure	-	140,590	-	140,590
Physical plant and equipment	-	72,469	-	72,469
Unassigned	985,726	-	-	985,726
<b>Total Fund Balances</b>	<b>\$ 1,215,312</b>	<b>\$ 213,059</b>	<b>\$ 294,630</b>	<b>\$ 1,723,001</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,371,217</b>	<b>\$ 436,454</b>	<b>\$ 394,678</b>	<b>\$ 4,202,349</b>

See notes to financial statements.

## Tripoli Community School District

**Reconciliation of the Balance Sheet – Governmental Funds  
To the Statement of Net Assets**

**June 30, 2011**

<b>Total fund balances of governmental funds (page 16)</b>	<b>\$ 1,723,001</b>
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds	6,120,763
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds	62,304
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds	-3,781
Long-term liabilities, including notes payable and early retirement, are not due and payable in the current period and, therefore, are not reported in the funds	-1,317,840
<b>Net assets of governmental activities (page 13)</b>	<b><u>\$ 6,584,447</u></b>

## Tripoli Community School District

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

Year Ended June 30, 2011

	General	Capital Projects	Non-Major Funds	Total
Revenues:				
Local Sources:				
Local tax	\$ 1,452,562	\$ 532,149	\$ 99,947	\$ 2,084,658
Tuition	218,297	-	-	218,297
Other	85,350	3,704	196,700	285,754
Intermediate sources	-	-	-	-
State sources	2,484,419	119	67	2,484,605
Federal sources	227,506	-	-	227,506
Total Revenues	\$ 4,468,134	\$ 535,972	\$ 296,714	\$ 5,300,820
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 2,254,949	\$ -	\$ 56,320	\$ 2,311,269
Special instruction	550,782	-	-	550,782
Other instruction	431,857	-	170,008	601,865
	\$ 3,237,588	\$ -	\$ 226,328	\$ 3,463,916
Support Services:				
Student services	\$ 66,916	\$ -	\$ -	\$ 66,916
Instructional staff services	135,289	-	-	135,289
Administration services	412,121	-	38,661	450,782
Operation and maintenance of plant services	351,486	-	22,785	374,271
Transportation services	122,827	73,557	7,050	203,434
	\$ 1,088,639	\$ 73,557	\$ 68,496	\$ 1,230,692
Other Expenditures:				
Facilities acquisition	\$ -	\$ 349,552	\$ -	\$ 349,552
Long-Term Debt:				
Principal	-	-	180,598	180,598
Interest and fiscal charges	-	-	52,624	52,624
AEA flow-through	208,741	-	-	208,741
	\$ 208,741	\$ 349,552	\$ 233,222	\$ 791,515
Total Expenditures	\$ 4,534,968	\$ 423,109	\$ 528,046	\$ 5,486,123
Excess (deficiency) of revenues over (under) expenditures	\$ -66,834	\$ 112,863	\$ -231,335	\$ -185,303
Other Financing Sources (Uses):				
Operating transfers in (out)	-	-233,222	233,222	-
Net change in fund balances	\$ -66,834	\$ -120,359	\$ 1,890	\$ -185,303
Fund balances beginning of year, as restated	\$ 1,271,717	\$ 333,418	\$ 292,740	\$ 1,897,875
Prior period adjustment	10,429	-	-	10,429
Adjusted fund balances beginning of year, as restated	\$ 1,282,146	\$ 333,418	\$ 292,740	\$ 1,908,304
Fund Balances End of Year	\$ 1,215,312	\$ 213,059	\$ 294,630	\$ 1,723,001

See notes to financial statements.

**Tripoli Community School District**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balances – Governmental Funds**  
**To the Statement of Activities**

**Year Ended June 30, 2011**

**Net change in fund balances – total governmental funds (page 18)** **\$ -185,303**

*Amounts reported for governmental activities in the Statement of Activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, these costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:

Expenditures for capital assets	\$ 491,080	
Depreciation expense	-313,478	177,602

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Repaid		180,598
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement	\$ 28,648	
Other postemployment benefits	33,898	62,546

<b>Change in Net Assets of Governmental Activities (page 15)</b>		<b>\$ 236,282</b>
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## Tripoli Community School District

Statement of Net Assets  
Proprietary Funds

June 30, 2011

	Before & After School	School Nutrition	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 15,766	\$ 48,234	\$ 64,000
Accounts receivable	193	242	435
Inventories	-	13,470	13,470
Capital assets, net of accumulated depreciation	-	40,646	40,646
<b>Total Assets</b>	<b>\$ 15,959</b>	<b>\$ 102,592</b>	<b>\$ 118,551</b>
<b>Liabilities</b>			
Deferred revenue	\$ -	\$ 2,987	\$ 2,987
<b>Net Assets</b>			
Invested in capital assets, net of related debt	\$ -	\$ 40,646	\$ 40,646
Unrestricted	15,959	58,959	74,918
<b>Total Net Assets</b>	<b>\$ 15,959</b>	<b>\$ 99,605</b>	<b>\$ 115,564</b>

See notes to financial statements.

**Tripoli Community School District**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**

**Year Ended June 30, 2011**

	Before & After School	School Nutrition	Total
Operating revenues:			
Local sources:			
Charges for service	\$ 18,307	\$ 123,990	\$ 142,297
Operating expenses:			
Non-instructional programs:			
Food service and child care operations:			
Salaries and benefits	\$ 16,091	\$ 98,328	\$ 114,419
Purchased services	-	2,385	2,385
Supplies	2,529	124,664	127,193
Depreciation	-	20,555	20,555
Other	122	581	703
Total operating expenses	\$ 18,742	\$ 246,513	\$ 265,255
Operating income (loss)	\$ -435	\$ -122,523	\$ -122,958
Non-operating revenues:			
State sources	\$ -	\$ 2,277	\$ 2,277
Federal sources	-	83,671	83,671
Interest income	225	624	849
Total non-operating revenues	\$ 225	\$ 86,572	\$ 86,797
Change in net assets	\$ -210	\$ -35,951	\$ -36,161
Net assets beginning of year	16,169	135,556	151,725
Net Assets End of Year	\$ 15,959	\$ 99,605	\$ 115,564

See notes to financial statements.

## Tripoli Community School District

Statement of Cash Flows  
Proprietary Fund

Year Ended June 30, 2011

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 124,358
Cash paid to employees for services	-98,328
Cash paid to suppliers for goods or services	-110,508
Net cash used by operating activities	<u>\$ -84,478</u>
Cash flows from non-capital financing activities:	
State grants received	\$ 2,277
Federal grants received	70,836
Net cash provided by non-capital financing activities	<u>\$ 73,113</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>\$ -4,245</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 624</u>
Net decrease in cash and cash equivalents	\$ -14,986
Cash and cash equivalents beginning of year	<u>63,220</u>
Cash and Cash Equivalents End of Year	<u>\$ 48,234</u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	\$ -122,523
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	12,835
Depreciation	20,555
Decrease in inventories	4,286
(Increase) in accounts receivable	-22
Increase in deferred revenue	<u>391</u>
Net Cash Used by Operating Activities	<u>\$ -84,478</u>

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2011, the District received \$12,835 of federal commodities.

## Tripoli Community School District

Statement of Cash Flows  
Proprietary Fund

Year Ended June 30, 2011

	Before & After School
Cash flows from operating activities:	
Cash received from services	\$ 18,349
Cash paid to employees for services	-16,091
Cash paid to suppliers for goods or services	-2,651
Net cash provided by operating activities	<u>\$ -393</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 225</u>
Net decrease in cash and cash equivalents	\$ -168
Cash and cash equivalents beginning of year	<u>15,934</u>
Cash and Cash Equivalents End of Year	<u>\$ 15,766</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ -435
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts receivable	<u>42</u>
Net Cash Used by Operating Activities	<u>\$ -393</u>

See notes to financial statements.

**Tripoli Community School District**  
**Notes to the Reissued Financial Statements**

**June 30, 2011**

**(1) Summary of Significant Accounting Policies**

Tripoli Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Tripoli and Frederika, Iowa and portions of the predominately agricultural territories in Bremer and Chickasaw Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U. S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, Tripoli Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Tripoli Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

**B. Basis of Presentation**

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in the following categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental fund:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District reports the following major proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund and Before and After School Fund. These funds are used to account for the food service operations of the District and child care operations of the District.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

The proprietary funds of the District apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2010.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories -- Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets -- Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,000

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20 – 50 years
Furniture and equipment	5 – 15 years

Salaries and Benefits Payable -- Payroll and related expenditures for support staff corresponding to the current school year, which were paid in July, have been accrued as liabilities.

Deferred Revenue -- Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year-end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Long-term Liabilities -- In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity -- In the governmental fund financial statements, fund balances are classified as follows:

Restricted -- Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed -- Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned -- All amounts not included in other spendable classifications.



**Restricted Net Assets** – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. **Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

(3) **Inter-fund Transfers**

The detail of inter-fund transfers for the year ended June 30, 2011 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects – Physical Plant and Equipment Levy	\$ 97,952
Debt Service	Capital Projects – Statewide Sales, Services and Use Tax	135,270
		<u>\$ 233,222</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) **Bank Anticipatory Warrants**

The District has entered into an agreement with American Savings Bank for the issuance of anticipatory warrants of \$300,000 with an interest rate of 3.25%. Activity for the year ended June 30, 2011 is as follows:

	Balance Beginning Of Year	Advances Received	Advances Repaid	Balance End of Year
Total	\$300,000	\$300,000	\$300,000	\$300,000

Cash advanced under these warrants are held in a money management savings account. These funds are only used if the District's regular cash flow is inadequate to meet current needs.

(5) **Capital Assets**

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 33,500	\$ -	\$ -	\$ 33,500
Construction in process	89,605	75,646	89,605	75,646
Total capital assets not being depreciated	\$ 123,105	\$ 75,646	\$ 89,605	\$ 109,146
Capital assets being depreciated:				
Buildings	\$ 8,587,138	\$ 40,896	\$ -	\$ 8,628,034
Improvements other than buildings	300,396	311,943	-	612,339
Furniture and equipment	1,267,564	152,200	-	1,419,764
Total capital assets being depreciated	\$ 10,155,098	\$ 505,039	\$ -	\$ 10,660,137
Less accumulated depreciation for:				
Buildings	\$ 3,174,834	\$ 189,564	\$ -	\$ 3,364,398
Improvements other than buildings	221,413	12,748	-	234,161
Furniture and equipment	938,795	111,166	-	1,049,961
Total accumulated depreciation	\$ 4,335,042	\$ 313,478	\$ -	\$ 4,648,520
Total capital assets being depreciated, net	\$ 5,820,056	\$ 191,561	\$ -	\$ 6,011,617
Governmental Activities Capital Assets, Net	\$ 5,943,161	\$ 267,207	\$ 89,605	\$ 6,120,763
	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
<b>Business type activities:</b>				
Furniture and equipment	\$ 90,731	\$ 4,245	\$ 13,790	\$ 81,186
Less accumulated depreciation	33,775	20,555	13,790	40,540
Business Type Activities Capital Assets, Net	\$ 56,956	\$ -16,310	\$ -	\$ 40,646
Depreciation expense was charged to the following functions:				
Governmental Activities:				
Instruction:				
Regular				\$ 260,028
Other				9,751
Support services:				
Administration				5,118
Operation and maintenance of plant				6,458
Transportation				32,123
Total Depreciation Expense – Governmental Activities				\$ 313,478
Business Type Activities:				
Food service operations				\$ 20,555

(6) **Long-term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2011 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Notes payable	\$ 1,252,815	\$ -	\$ 180,598	\$ 1,072,217	\$ 187,855
Early retirement	274,271	29,150	57,798	245,623	61,718
Total	\$ 1,527,086	\$ 29,150	\$ 238,396	\$ 1,317,840	\$ 249,573

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed twenty years of continuous service to the District. Employees must complete an application, which is required to be approved by the Board of Education. Early retirement incentives for eligible employees is composed of:

- 1) The School District shall provide up to five hundred fifty dollars (\$550.00) per month for payment of health insurance premiums of the retired teacher for ninety (90) months. However, the monthly payment shall not exceed, in any event, the actual cost of the monthly health insurance premiums of the retired teacher, and shall end at 90 months or with medicare eligibility whichever comes first.

Early retirement benefits paid during the year ended June 30, 2011 totaled \$29,150. The cost of early retirement payments expected to be liquidated currently are recorded as a liability of the Special Revenue, Management Levy Fund. A liability has been recorded in the Governmental Activities Long-Term Liabilities section representing the District's commitment to fund non-current early retirement.

Note Payable – Science Room Addition

On June 19, 2007, the District signed a note payable to American Savings Bank of Tripoli IA for the construction of a science room addition. The note was written for \$900,000. The interest rate on the note is 4.5%. Semi-annual payments will be \$67,634.88 to be paid on December 1 and June 1 of each year, with the note maturing December 1, 2015.

Details of the District's June 30, 2011 note payable – science room addition are as follows:

Year ending June 30,	Principal	Interest	Total
2012	\$ 114,169	\$ 21,101	\$ 135,270
2013	119,491	15,778	135,269
2014	125,112	10,157	135,269
2015	127,255	4,216	131,471
Total	\$ 486,027	\$ 51,252	\$ 537,279

### Note Payable – Preschool

On May 1 2008, the District signed a note payable to American Savings Bank of Tripoli IA for the construction of a preschool room addition. The note was written for \$800,000. The interest rate on the note is 4.5%. Semi-annual payments will be \$50,460.25 to be paid on December 1 and June 1 of each year, with the note maturing June 1, 2018.

Details of the Districts June 30, 2011 note payable – preschool are as follows:

Year ending June 30,	Principal	Interest	Total
2012	\$ 73,686	\$ 24,266	\$ 97,952
2013	76,915	21,037	97,952
2014	80,219	17,733	97,952
2015	83,664	14,288	97,952
2016	87,231	10,721	97,952
2017	91,005	6,948	97,953
2018	93,470	4,249	97,719
Total	\$ 586,190	\$ 99,242	\$ 685,432

During the year ended June 30, 2011, the District made principal and interest payments totaling \$233,222 under the agreements.

### **(7) Pension and Retirement Benefits**

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P. O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.50 of their annual covered salary and the District is required to contribute 6.95% of annual covered payroll for the years ended June 30, 2011, 2010 and 2009. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$168,630, \$164,596, and \$155,906, respectively, equal to the required contributions for each year.

### **(8) Other Postemployment Benefits (OPEB)**

Plan description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 29 active and 9 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

**Annual OPEB Cost and Net OPEB Obligation** – The District’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District’s annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the District’s net OPEB obligations:

Annual required contribution	\$	27,333	
Interest on net OPEB obligation		-710	
Adjustment to annual required contribution		-1,099	
Annual OPEB cost	\$	25,524	
Contributions made		-59,422	
Increase in net OPEB obligation	\$	-33,898	
Net OPEB obligation beginning of year		-28,406	
Net OPEB obligation end of year	\$	-62,304	*
*Prepaid OPEB liability			

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the District contributed \$237,689 to the medical plan. Plan members eligible for benefits contributed \$8,610, or 3.5% of the premium costs.

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$27,919	201.7%	-\$28,406
June 30, 2011	\$27,333	217.4%	-\$62,304

**Funded Status and Funding Progress** – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$290,783, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$290,783. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,442,000 and the ratio of the UAAL to covered payroll was 20.2%. As of June 30, 2011, there were no trust fund assets.

**Actuarial Methods and Assumptions** – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District’s funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 6%

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$334.17 per month for retirees less than age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**(9) Risk Management**

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(10) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$208,741 for the year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(11) Construction Commitments**

The District has committed to a reroofing project totaling \$109,500. At June 30, 2011, \$75,646 of which was in construction in process, with the balance of \$33,854 to be paid as work on the project progresses.

**(12) Categorical Funding**

The District's reserved fund balance for categorical funding at June 30, 2011 is comprised of the following programs:

Program	Amount
At Risk	\$ 8,680
Gifted and Talented Programs	41,102
Dropout Prevention	56,752
Core Curriculum	9,262
Professional Development	3,056
Market Factor	2,074
Teacher Mentor	2,398
Teacher Quality	52,348
Non-Public Transportation	981
Preschool	52,933
Total	<u>\$ 229,586</u>

**(13) Subsequent Events**

The District has evaluated subsequent events through March 20, 2012 which is the date that the financial statement were available to be issued.

**(14) Prior Period Adjustment**

A \$10,429 prior period adjustment to the General Fund was made for the change in Prepaid Insurance.

**(15) Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	Capital Projects	Special Revenue, Physical Plant and Equipment Levy
Balances June 30, 2010, as previously reported	\$ 226,886	\$ 106,532
Change in fund type classification per implementation of GASB Statement No. 54	106,532	-106,532
Balances July 1, 2010, as restated	\$ 333,418	\$ -

## **Required Supplementary Information**



**Tripoli Community School District**

**Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances –  
Budget and Actual – All Governmental Funds and Proprietary Funds**

**Required Supplementary Information**

**Year Ended June 30, 2011**

	Governmental Funds Actual	Proprietary Funds Actual
Receipts:		
Local sources	\$ 2,558,709	\$ 143,146
Intermediate sources	-	-
State sources	2,484,605	2,277
Federal sources	227,506	83,671
Total Receipts	<u>\$ 5,300,820</u>	<u>\$ 229,094</u>
Disbursements:		
Instruction	\$ 3,463,916	\$ -
Support services	1,230,692	-
Non-instructional programs	-	265,255
Other expenditures	791,515	-
Total Disbursements	<u>\$ 5,486,123</u>	<u>\$ 265,255</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	\$ -185,303	\$ -36,161
Other financing sources (uses), net	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing sources (uses)	<u>\$ -185,303</u>	<u>\$ -36,161</u>
Balances beginning of year	\$ 1,897,875	\$ 151,725
Prior period adjustment	10,429	-
Adjusted balances beginning of year	<u>\$ 1,908,304</u>	<u>\$ 151,725</u>
Balances End of Year	<u>\$ 1,723,001</u>	<u>\$ 115,564</u>

See accompanying independent auditor's report.

	Total Actual	Budgeted Amounts	Final to Actual Variance
\$	2,731,855	\$ 2,563,761	\$ 168,094
	-	-	-
	2,486,882	2,631,560	-144,678
	311,177	231,635	79,542
\$	5,529,914	\$ 5,426,956	\$ 102,958
<hr/>			
\$	3,463,916	\$ 3,610,000	\$ 146,084
	1,230,692	1,267,158	36,466
	265,255	252,500	-12,755
	791,515	794,489	2,974
\$	5,751,378	\$ 5,924,147	\$ 172,769
<hr/>			
\$	-221,464	\$ -497,191	\$ 275,727
	-	-49	49
<hr/>			
\$	-221,464	\$ -497,240	\$ 275,776
\$	2,049,600	\$ 1,632,115	\$ 417,485
	10,429	-	10,429
<hr/>			
\$	2,060,029	\$ 1,632,115	\$ 427,914
<hr/>			
\$	1,838,565	\$ 1,134,875	\$ 703,690
<hr/>			

**Tripoli Community School District**

**Notes to Required Supplementary Information – Budgetary Reporting**

**Year Ended June 30, 2011**

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2011, expenditures in the non-instructional programs function exceeded the amount budgeted.

**Tripoli Community School District**

**Schedule of Funding Progress for the  
Retiree Health Plan  
(In Thousands)**

**Required Supplementary Information**

**June 30, 2011**

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$-	\$355	\$355	0.0%	\$1,465	24.2%
2011	July 1, 2009	\$-	\$290	\$290	0.0%	\$1,442	20.2%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

## **Other Supplementary Information**

## Tripoli Community School District

Combining Balance Sheet  
Non-Major Funds

June 30, 2011

	Special Revenue		
	Management Levy	Student Activity	Total
<b>Assets</b>			
Cash and pooled investments	\$ 161,990	\$ 126,554	\$ 288,544
Receivables:			
Accounts	-	345	345
Property Tax:			
Delinquent	883	-	883
Succeeding year	100,000	-	100,000
Prepaid expenses	4,906	-	4,906
<b>Total Assets</b>	<b>\$ 267,779</b>	<b>\$ 126,899</b>	<b>\$ 394,678</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ -	\$ 48	\$ 48
Deferred revenue:			
Succeeding year property tax	100,000	-	100,000
Total Liabilities	\$ 100,000	\$ 48	\$ 100,048
Fund Balances:			
Restricted for:			
Management levy purposes	\$ 167,779	\$ -	\$ 167,779
Student activities	-	126,851	126,851
Total fund balances	\$ 167,779	\$ 126,851	\$ 294,630
<b>Total Liabilities and Fund Balances</b>	<b>\$ 267,779</b>	<b>\$ 126,899</b>	<b>\$ 394,678</b>

## Tripoli Community School District

**Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Non-Major Funds**

**Year Ended June 30, 2011**

	<u>Special Revenue</u>			
	Management Levy	Student Activity	Debt Service	Total
Revenues:				
Local Sources:				
Local tax	\$ 99,947	\$ -	\$ -	\$ 99,947
Other	7,158	189,542	-	196,700
State	67	-	-	67
Total Revenues	\$ 107,172	\$ 189,542	\$ -	\$ 296,714
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 56,320	\$ -	\$ -	\$ 56,320
Other instruction	-	170,008	-	170,008
Support Services:				
Administration services	38,661	-	-	38,661
Operation and maintenance of plant services	22,785	-	-	22,785
Transportation services	7,050	-	-	7,050
Other Expenditures:				
Long-Term Debt:				
Principal	-	-	180,598	180,598
Interest and fiscal charges	-	-	52,624	52,624
Total Expenditures	\$ 124,816	\$ 170,008	\$ 233,222	\$ 528,046
Excess (deficiency) of revenues over (under) expenditures	\$ -17,644	\$ 19,534	\$ -233,222	\$ -231,332
Other Financing Sources (Uses):				
Operating transfers in (out)	-	-	233,222	233,222
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)	\$ -17,644	\$ 19,534	\$ -	\$ 1,890
Fund balances beginning of year, as restated	185,423	107,317	-	292,740
Fund Balances End of Year	\$ 167,779	\$ 126,851	\$ -	\$ 294,630

See accompanying independent auditor's report.

## Tripoli Community School District

Combining Balance Sheet  
Capital Project Accounts

June 30, 2011

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash and pooled investments	\$ 72,892	\$ 106,772	\$ 179,664
Receivables:			
Property Tax:			
Delinquent	-	1,571	1,571
Succeeding year	-	185,564	185,564
Due from other governments	69,655	-	69,655
<b>Total Assets</b>	<b>\$ 142,547</b>	<b>\$ 293,907</b>	<b>\$ 436,454</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 1,957	\$ 35,874	\$ 37,831
Deferred revenue:			
Succeeding year property tax	-	185,564	185,564
Total Liabilities	\$ 1,957	\$ 221,438	\$ 223,395
Fund Balances:			
Restricted for:			
School infrastructure	\$ 140,590	\$ -	\$ 140,590
Physical plant and equipment	-	72,469	72,469
Total fund balances	\$ 140,590	\$ 72,469	\$ 213,059
<b>Total Liabilities and Fund Balances</b>	<b>\$ 142,547</b>	<b>\$ 293,907</b>	<b>\$ 436,454</b>

See accompanying independent auditor's report.



**Tripoli Community School District**  
**Combining Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Capital Project Accounts**

**Year Ended June 30, 2011**

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local Sources:			
Local tax	\$ 353,756	\$ 178,393	\$ 532,149
Other	2,025	1,679	3,704
State sources	-	119	119
Total Revenues	\$ 355,781	\$ 180,191	\$ 535,972
Expenditures:			
Support Services:			
Transportation	\$ 73,557	\$ -	\$ 73,557
Other Expenditures:			
Facilities acquisition	233,250	116,302	349,552
Total Expenditures	\$ 306,807	\$ 116,302	\$ 423,109
Excess (deficiency) of revenues over (under) expenditures	\$ 48,974	\$ 63,889	\$ 112,863
Other Financing Sources (Uses):			
Operating transfers in (out)	\$ -135,270	\$ -97,952	\$ -233,222
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ -83,296	\$ -34,063	\$ -120,359
Fund balances beginning of year, as restated	226,886	106,532	333,418
Fund Balances End of Year	\$ 140,590	\$ 72,469	\$ 213,056

See accompanying independent auditor's report.

## Tripoli Community School District

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2011

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra- Fund Transfers	Balance End of Year
Interest	\$ 8,992	\$ 1,994	\$ 74	\$ -2	\$ 10,910
Vocal	5,194	6,375	6,459	-	5,110
Instrumental	1,055	433	655	1	834
Band Trip	6,289	8,799	14,714	-	374
Yearbook	6,605	2,735	1,950	-	7,390
Picture	2,193	-	-	-	2,193
Thalians	121	104	291	-	-66
High School Student Council	2,651	850	1,537	-	1,964
Home Ec	690	-	134	-	556
National Honor Society	2,460	606	227	1	2,840
Faculty	1,560	198	411	-	1,347
SADD	553	663	668	-	548
Milk Machine	3,160	3,509	5,236	-	1,433
Magazine Sales	-	9,087	5,299	-3,788	-
AEA Social Studies Grant	216	-	-	-	216
Art Resale	111	-	-	-	111
Art Trip	70	7,181	7,185	-	66
Industrial Tech	-	-	-	-	-
Pencil Resale	105	-	-	-	105
Manufacturing	279	110	63	-1	325
Fine Arts	-	4,039	3,854	-	185
Class of 2010	2	-	-	-	2
Class of 2011	1,948	421	780	-	1,589
Class of 2012	3,363	214	2,707	1	871
Class of 2013	4,421	22	-	-	4,443
Class of 2014	2,439	-	-	-	2,439
Class of 2015	1,988	203	-	849	3,040
Class of 2016	1,929	181	-	1,298	3,408
Class of 2017	10	221	-	1,642	1,873
Football Fundraiser	1,712	2,744	2,257	-	2,199
Marketing Class	2,585	713	2,617	-	681
FFA	1,988	7,185	5,338	-	3,835
Senior Class Play	1,160	502	365	-	1,297
Ecology – Science	111	8	-	-	119
SES	157	-	-	-	157
SCIN	1,547	-	565	-1	981
SCIN Treat	933	-	-	-	933
Athletics	7,379	72,289	59,780	-	19,888
Cheerleading	-	1,623	1,179	-	444
Golf Fundraiser	153	535	540	-	148
Boys Basketball	137	640	650	-	127
Baseball	363	1,940	1,821	-	482
Boy's Track Fundraising	1	1,033	934	-	100
Girl's Track Fundraising	42	2,481	1,871	-	652
Bowling Fund	630	-	514	-	116

See accompanying independent auditor's report.

## Tripoli Community School District

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2011

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra- Fund Transfers	Balance End of Year
Dance Fund	\$ -	\$ 142	\$ 143	\$ -	\$ -1
Weight Lifting Fund	-	250	250	-	-
History Club	-	1,431	35	-	1,396
Girls Basketball	141	650	197	-	594
Volleyball Fundraiser	2,725	5,044	4,522	-	3,247
Softball Fund	402	80	-	-	482
Athletic Scholarship	-	1,250	250	-	1,000
Middle School Student Council	98	70	30	-	138
Elementary Library	1,714	3,827	3,805	-	1,736
Elementary Outdoor Ed - EWALU	3,242	2,538	3,774	-	2,006
Elementary Concessions	4,714	145	468	-	4,391
Elementary Music	42	-	-	-	42
Elementary Carnival	16,897	34,477	25,859	-	25,515
Memorial	40	-	-	-	40
Total	\$ 107,317	\$ 189,542	\$ 170,008	\$ -	\$ 126,851

See accompanying independent auditor's report.

**Tripoli Community School District**  
**Schedule of Revenues by Source and Expenditures by Function**  
**All Governmental Funds**  
**For the Last Eight Years**

	Modified Accrual Basis			
	2011	2010	2009	2008
<b>Revenues:</b>				
<b>Local Sources:</b>				
Local tax	\$ 2,084,658	\$ 1,961,788	\$ 1,974,480	\$ 1,938,473
Tuition	218,297	242,294	195,466	152,698
Other	285,754	235,246	292,324	292,571
Intermediate sources	-	2,000	2,000	-
State sources	2,484,605	2,235,621	2,655,845	2,516,731
Federal sources	227,506	431,613	201,318	126,889
<b>Total</b>	<b>\$ 5,300,820</b>	<b>\$ 5,108,562</b>	<b>\$ 5,321,433</b>	<b>\$ 5,027,362</b>
<b>Expenditures:</b>				
<b>Instruction:</b>				
Regular instruction	\$ 2,311,269	\$ 2,195,417	\$ 2,232,091	\$ 2,046,139
Special instruction	550,782	571,710	561,083	532,152
Other instruction	601,865	587,027	540,394	517,023
<b>Support services:</b>				
Student services	66,916	64,313	38,269	37,983
Instructional staff services	135,289	130,505	122,315	109,986
Administrative services	450,782	432,306	428,332	422,542
Operation and maintenance of plant services	374,271	356,283	353,002	372,659
Transportation services	203,434	136,599	116,008	116,002
<b>Other expenditures:</b>				
Facilities acquisition	349,552	184,952	538,772	1,232,360
Long-term debt:				
Principal	180,598	172,831	256,747	172,780
Interest and other charges	52,624	60,391	63,724	44,900
AEA flow-through	208,741	208,112	180,073	167,796
<b>Total</b>	<b>\$ 5,486,123</b>	<b>\$ 5,100,446</b>	<b>\$ 5,430,810</b>	<b>\$ 5,772,322</b>

See accompanying independent auditor's report.

Modified Accrual Basis			
2007	2006	2005	2004
\$ 1,949,606	\$ 1,577,384	\$ 1,602,580	\$ 1,637,469
164,384	185,620	121,599	57,704
273,635	532,586	466,523	268,964
-	245	11,608	-
2,325,181	2,120,365	2,044,677	1,938,984
93,228	123,928	121,523	139,871
\$ 4,806,034	\$ 4,540,128	\$ 4,368,510	\$ 4,042,992

\$ 2,036,312	\$ 1,993,682	\$ 1,902,372	\$ 1,791,175
589,127	460,717	565,249	487,491
486,843	419,971	300,596	317,935
36,403	37,432	42,476	68,474
112,575	119,616	127,605	125,457
359,272	363,724	338,143	360,456
299,725	316,272	300,241	253,433
176,346	180,524	157,858	94,712
472,566	320,092	114,883	119,923
72,985	68,886	65,300	74,756
9,425	13,524	17,110	19,383
156,470	142,761	139,660	141,547
\$ 4,808,049	\$ 4,437,201	\$ 4,071,493	\$ 3,854,742

**Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards**

Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards

To the Board of Education of  
Tripoli Community School District:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Tripoli Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated March 20, 2011. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Tripoli Community School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of Tripoli Community School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Tripoli Community School District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, I identified certain deficiencies in internal control over financial reporting I consider to be material weaknesses and other deficiencies I consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. I consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings as item I-A-11 to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-B-11 to be a significant deficiency.

### Compliance and Other Matters

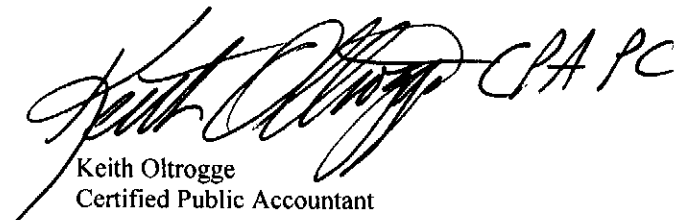
As part of obtaining reasonable assurance about whether Tripoli Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of noncompliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Tripoli Community School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings. While I have expressed my conclusions on the District's responses, I did not audit Tripoli Community School District's responses and, accordingly, I express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Tripoli Community School District and other parties to whom Tripoli Community School District may report, including federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Tripoli Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.



Keith Oltrogge  
Certified Public Accountant

March 20, 2011



**Tripoli Community School District**

**Schedule of Findings**

**Year Ended June 30, 2011**

**Part I – Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**INTERNAL CONTROL DEFICIENCIES:**

- I-A-11 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. I noted that one person has control over each of the following areas for both the General and Activity Funds: cash receipts – collecting, depositing, journalizing, posting and reconciling.

Recommendation – With the limited number of personnel involved in accounting for District activity, an ideal system of segregation of accounting duties and functions cannot be achieved to assure adequate internal control over the safeguarding of assets and the reliability of financial records and reporting. This is not unusual in an organization of your size. Under these circumstances, the most effective controls lie in (1) the administration's and the Board's knowledge of the District's financial operations and (2) striving to obtain as much segregation of duties as possible so that no one person has complete control of any type of financial transactions. I believe these controls are being effectively utilized in the District and recommend that diligent efforts be made to maintain their effectiveness.

Response – With the number of staff available to this size of District, we will have to continue operating as in the past. We will, however, continue to monitor and keep the Board aware of the District's financial operations.

Conclusion – Response accepted.

- I-B-11 Annual Financial Statements – The ability to apply generally accepted accounting principles to the financial statements and determine the sufficiency of the footnote disclosure is a necessary aspect of internal control over the District's financial reporting process. The District does not possess an individual with the appropriate expertise to apply generally accepted accounting principles to the financial statements and to draft and determine the sufficiency of the necessary disclosures. The District has a limited number of employees and it is not cost beneficial to employ an individual with this type of expertise and knowledge. The internal financial statements prepared by the District are not prepared in accordance with generally accepted accounting principles and do not contain the required footnote disclosures.

Recommendation – This is common control deficiency of most small Districts and is often not corrected due to cost benefit considerations. I could assist you in gaining the necessary knowledge and skills if you determine that this is a control deficiency that the District would like to address.

Response – We will consult with you as needed on financial statement considerations.

Conclusions – Response accepted.

**Tripoli Community School District**

**Schedule of Findings**

**Year Ended June 30, 2011**

**Part II - Other Findings Related to Statutory Reporting:**

- II-A-11 Certified Budget – Expenditures for the year ended June 30, 2011 exceed the certified budget amounts in the non-instructional function.

Recommendation – The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion – Response accepted.

- II-B-11 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

- II-C-11 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

- II-D-11 Business Transactions – No business transactions between the District and District officials or employees were noted.

- II-E-11 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.

- II-F-11 Board Minutes – No transactions requiring Board approval, which had not been approved by the Board, were noted. Not all minutes were published as required by Chapter 279.35 of the Code of Iowa.

Recommendation – The Board Secretary should furnish a copy of the Board proceedings with all disbursements to be published within two weeks of each meeting.

Response – All minutes will be published as required.

Conclusion – Response accepted.

- II-G-11 Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education.

- II-H-11 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

- II-I-11 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

- II-J-11 Certified Annual Report – The Certified Annual Report was filed with the Iowa Department of Education timely.

- II-K-11 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

**Tripoli Community School District**

**Schedule of Findings**

**Year Ended June 30, 2011**

**Part II - Other Findings Related to Statutory Reporting (continued):**

- II-L-11 Statewide Sales, Services and Use Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	226,886
Revenues/transfers in:			
Sales tax revenues	\$	310,199	
Other local revenues		2,025	
School infrastructure supplemental amount		43,557	355,781
		\$	582,667
Expenditures/transfers out:			
School infrastructure construction			
Equipment	\$	233,250	
Transfers to other funds:		73,557	
Debt service fund		135,270	442,077
Ending balance		\$	140,590

For the year ended June 30, 2011, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
Debt service levy	\$ 1.21737	\$ 353,756
Physical plant and equipment levy	-	-
Public educational and recreational levy	-	-

**Tripoli Community School District**

**Schedule of Findings**

**Year Ended June 30, 2011**

**Part II - Other Findings Related to Statutory Reporting (continued):**

II-M-11 Deficit Balances – Two student activity accounts had deficit balances at June 30, 2011.

Recommendation – The District should continue to investigate alternatives to eliminate these deficits in order to return these accounts to a sound financial condition.

Response – The District is continuing to investigate alternatives to eliminate the deficits in the student activity accounts at the end of the fiscal year.

Conclusion – Response accepted.

II-N-11 Student Activity Fund – In accordance with Iowa Administrative Rule 281-98.70 upon dissolution of a student activity, such as a graduated class, the surplus must be used to support other student activities in the Student Activity Fund. The District has not closed the student activity account for the Class of 2010.

Recommendation – The balance in the Class of 2010 student activity account should be transferred to other student activity accounts.

Response – We will transfer the account.

Conclusion – Response accepted.